

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:327
ANSWERED ON:06.09.2007
SALE OF ETHANOL BLENDED PETROL
Singh Shri Rajiv Ranjan (Lalan);Singh Shri Suraj

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) Whether the Government has considered the proposal for increasing the profit margin of oil companies by allowing them to sell 5% Ethanol Blended Petrol:
- (b) if so, the details thereof;
- (c) the estimated increase in the profit margin; and
- (d) the steps taken/proposed to be taken to ensure sharing of such profit with the consumer also?

Answer

MINISTER of PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (d) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO.327 BY SHRI RAJIV RANJAN SINGH "LALAN" AND SHRI SURAJ SINGH TO BE ANSWERED ON 6TH SEPTEMBER, 2007 REGARDING SALE OF ETHANOL BLENDED PETROL.

(a) to (d) - No, Sir. The 5% Ethanol Blended Petrol (EBP) programme has been notified by the Ministry of Petroleum and Natural Gas in September 2006 keeping in view the under-mentioned benefits: -

- (i) Use of ethanol blended petrol will reduce the country's dependence on import of crude oil,
- (ii) Ethanol is environment friendly as it enhances combustion of petrol resulting in lower hydrocarbon emissions,
- (iii) Ethanol being an agricultural by-product, will give boost to farmers' income, and
- (iv) It is a renewable natural fuel.

The landed cost of ethanol is compared with benchmark price of landed cost of petrol at a particular location, including transportation, all taxes and duties paid etc.. At present, Oil Manufacturing Companies (OMCs) are procuring ethanol at a basic price of Rs. 21500 per kilo litre. At current prices of petrol and at 5% of ethanol blend, the difference between landed cost of ethanol and landed cost of petrol is Re. 0.25 at Delhi. Against this margin, OMCs are incurring an estimated under recovery of Rs. 4.92/- per litre at Retail Selling Price on Motor Spirit at Delhi.